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C O N F I D E N T I A L SECTION 01 OF 02 WARSAW 000139

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SUBJECT: POLAND ON EU CLIMATE PACKAGE, ENERGY SECURITY AND
COP-15

REF: A. KRAKOW 0038
[1](#)B. WARSAW 1450

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Classified By: CDA Quanrud for reasons 1.4 (b,d)

[1](#)1. (C) Piotr Serafin, Under Secretary of the Office of the Committee for European Integration (UKIE) recently briefed EconCouns and ESTOff on: 1) Polish tactics and outcome of the December 12, 2008 EU climate package; 2) a new EUR 3.5 billion allocation for European energy and power interconnections; and 3) a preview of Poland's interests in the EU's common position on December climate change negotiations in Copenhagen. We view Serafin's outreach as an effort both to learn more about the U.S. position going into COP-15 negotiations and to explore scope for cooperation in shaping the EU's negotiating priorities. End summary.

Inside Baseball: Poland's December's Win

[1](#)2. (C) Poland's goal in negotiations over the EU's December 2008 Climate Change and Energy Package, Serafin told us, was not money; it was to maintain the price competitiveness of Polish industry within Europe. In the October 2008 EU Council Summit, Poland used the coalition it had built against the climate change package and French President Sarkozy's own impatience for an emissions deal under France's EU Presidency to extract a pledge from Sarkozy that the final package would be agreed to by consensus rather than by a qualified majority vote. In exchange, Poland pledged to support consensus on an acceptable package. The arrangement, which Serafin described as his "institutional coup d'etat", would not have held but for German and Italian industry's own increasing concerns with the package as regional economic news turned bad.

[1](#)3. (C) In the mid-December denouement, Serafin continued, Poland threatened to use its veto power at the eleventh hour - Serafin with veto pen literally in hand - to force the removal of a provision limiting the ability of new coal power plants in the investment pipeline by the end of 2008 to take advantage of free emissions allowances. The limitation was removed, and Poland supported the final package. The Poles and allies also accepted benchmarks linking the number of free emissions allowances to the energy efficiency of electric power plants, while securing a number of derogations including the extension of those allowances to 2020.

¶4. (C) Serafin argued the final deal ensured that Poland's power companies, largely state-controlled, can install new coal-fired power plants to replace and expand their aging and increasingly over stretched infrastructure. (Note: Poland generates more than 90% of its electricity (REF A) from coal.) Concluding, Serafin offered his personal view that these will be the last wave of new coal-fired plants in Poland. Emissions costs and natural gas constraints are driving Poland to nuclear - the impetus behind Prime Minister Tusk's target of two Polish nuclear plants by 2020 (REF B).

EU Funding for Energy Security

¶5. (C) Serafin moved on to his second topic - EUR 5 billion of reprogrammed CAP funds. He told us, dramatically, that the College of Commissioners was at that moment singing off on a plan to spend EUR 3.5 billion for EU gas and electric grid interconnections, offshore wind projects, and Carbon Capture and Storage (CCS) projects planned through 2011. An additional EUR 1 billion would go to broadband internet infrastructure, and EUR .5 billion to agriculture projects. The project list Serafin passed to us clearly reflected a win for Polish priorities, including EUR 150 million for the Denmark-Sweden-Poland Skanled pipeline, EUR 80 million for Poland's Baltic sea LNG terminal, and a CCS project at a Polish power plant. (Post can provide this list by e-mail upon request.) Serafin pointed out, gleefully, that the Commission turned aside Germany's effort to secure funding for the Nordstream pipeline, a victim of the Russia-Ukraine gas crisis.

Commission Proposal for a Common Position for Copenhagen

¶6. (C) Finally, Serafin shared with us Poland's chief

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objections to the current draft of the European Commission's proposal to the Council for a Common Position for the Copenhagen COP-15 conference.

- The Commission proposal includes a sliding scale of reductions based on emissions per unit of GDP. The Poles argue that emission per unit of GDP correlates with economic development, unfairly penalizing countries for simply being poor. They want development levels taken into account on the sliding scale;
- The Commission proposal includes a "polluter pays" principle, with higher carbon permit prices for higher emitters. The Poles want ability-to-pay calculated into permit prices;
- Finally, the Commission proposes binding commitments for OECD members and non-OECD EU members. Poland wants binding commitments applicable to all countries with per capita GDP higher than Ukraine's, the "poorest" country the GoP wants subject to commitments.

¶7. (C) Serafin told us he believes that many European governments have not fully taken on board the meaning of the change in U.S. Administration for U.S. climate change policy. He believes that Poland and the United States - two economies dependent on coal for power generation and on problematic foreign suppliers of other energy resources - have much in common. He directly suggested bilateral cooperation on common interests in climate change and energy, pointing to the European Council's mid-March timeline for adopting its common position.

Comment and Bio Note

¶8. (C) Comment: Serafin's eagerness to share inside-Brussels action appears aimed to show that he - and his Government - can be useful allies to us within the EU's policy process. Engaging the Poles early may help shape a European position

favorable to us on energy security and climate change. Poland aggressively and effectively advanced its national interests in December's climate negotiations, without being ostracized by fellow Europeans. The GoP's success has validated Tusk's more measured approach to Brussels. Rather than playing the spoiler, the GoP is relishing a Brussels win from a positive, coalition-building approach. On energy policy too, Serafin's shop seems to be taking a lead. The previous, PM Kaczynski-led government's go-it-alone approach to energy security is losing favor in the GoP. At the same time, UKIE is working in Brussels to secure the project funding and institutional arrangements to support a shared approach to European energy security. End Comment.

19. (C) Bio Note. The political counselor of the European Commission's representative office in Warsaw told us months ago that she believed Piotr Serafin to be one of Poland's few really effective operators in Brussels. Serafin clearly agrees. He takes obvious delight in the parry-and-thrust of the Brussels game. Throughout our conversation, he referred to himself - always the featured player in his own stories - as "Dr. Jekyll" or "Mr. Hyde". He was much happier in the Mr. Hyde role - brandishing his veto pen in defiance of President Sarkozy. Rather than seeming arrogant, though, Serafin comes across as impish, engaging, and very competent. Trained as a lawyer and an economist, Serafin is smart and speaks excellent English. He is married with two daughters.

QUANRUD